

Muthoot Microfin Limited – GHG Policy

Purpose

This policy document provides the initiatives taken by the company on GHG. Policy responses to the risks posed by climate change are mitigation, or reduction in greenhouse gas emissions from human activities.

Introduction

MML recognizes that social and ecological challenges facing humanity today are as integral to business as economic drivers. The triple bottom-line of Economic, Environmental and Social good are an essential part of our approach to responsible Corporate Citizenship.

The crisis of climate change poses one of the biggest threats to humanity the impacts of which will be global with vulnerable communities being hit the hardest. As a responsible corporation, we are committed to minimizing our impact and have set for ourselves the goal of Net Zero greenhouse gas emissions for Scopes 1,2 and 3 by the year 2040 in line with the Paris agreement with clearly defined intermediate targets. A basic principle underlying our efforts will be a predominant focus on direct decarbonization with deferment of offsets to the target year.

Definitions

CO2 equivalent: The universal unit of measurement to indicate the global warming potential of each greenhouse gas, expressed in terms of the global warming potential of one unit of carbon dioxide

Greenhouse Gases (GHGs): Those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of thermal infrared radiation emitted by the earth's surface, by the atmosphere itself, and by clouds. This property causes the greenhouse effect. Carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O) are the primary greenhouse gases in the earth's atmosphere.

Net Zero: A state of balance between anthropogenic emissions and anthropogenic removals

Scope 1 emissions: Direct greenhouse gas emissions that occur from sources that are owned by MML

Scope 2 emissions: Indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the RE. Purchased and acquired electricity is electricity that is purchased or otherwise brought into the RE's boundary. These emissions physically occur at the facility where electricity is generated.

Scope 3 emissions: Indirect greenhouse gas emissions (not included in Scope 2 greenhouse gas emissions) that occur in the value chain of an entity, including both upstream and downstream emissions.

Sources of emissions: The following are sources of emissions across various Scopes as defined by the GHG Protocol Corporate Standard.

Scope	Sources
Scope 1	Diesel generators used in branches and offices
Scope 2	Purchased electricity for powering its infrastructure for operation
Scope 3	Purchased goods and services, Business travel, Financed emissions

Policy Statement

Our business operations and value chain result in direct and indirect impacts on the environment on account of use of energy, materials, water and land as input-factors and generation of solid waste as byproducts.

MML recognizes its plausible responsibility to minimize the environmental impact of its business activities and to protect the ecological commons upon which all life depends.

A fundamental principle of our approach is that our environmental policy must address not only immediate imperatives of operational efficiency but must also incorporate a longer term view of environment along with the responsible use and protection of the natural environment through conservation and sustainable practices to enhance ecosystem resilience and human well-being towards future generations.

MML will strive to reduce and minimize the ecological footprint of its internal operations. Our focus will primarily be on four dimensions:

- 1) Reduction in our Energy and GHG (Greenhouse Gas) footprint
- 2) Increase in the efficiency of use and recycling of water
- 3) Sustainable Waste management minimizing waste-to-landfill
- 4) Enhancing Biodiversity in our premises.

MML shall implement the policy through a three pronged approach of

- i) Setting rigorously defined goals that are based on globally accepted scientific principles
- ii) Establishing good governance and robust execution processes
- iii) Implementing best practice solutions and technologies.

Integration with Business Strategy

MML will integrate critical environmental issues into its core business strategy. The key elements of this are the incorporating of environmental risks into its Enterprise Risk Management (ERM) strategy, improving resource and cost efficiencies of its operations sustainable procurement policies and customer services.

Drivers of the Policy

Lending Portfolio, product development and sector development are major drivers for GHG emission policy. Along with key drivers, MML recognizes the importance of social inclusion and aims to scale its microfinance book, specifically targeting the bottom of the pyramid segment.

Stakeholder Inclusiveness

Progressing on the path of ecological sustainability requires collective efforts from multiple stakeholders. In addition to customers, we will address the most material issues for our investors, employees, suppliers and communities. For each of our stakeholders, we will follow a process of jointly identifying the key issues that are relevant in terms of environmental impacts on and due to them. Given the fact that environmental concerns affect everyone, it is important collaborate in multiple ways. Towards this, we will actively engage in strategic advocacy with industry and civil society networks at regional, national and global levels.

Leadership Commitment

MML's leadership commits itself to the principles and requirements of being an ecologically sustainable organization by provisioning adequately for the investment of necessary resources, by setting up effective governance processes of planning and review and by catering the entire organization to align with our stated vision and goals.

MML has actively engaged in preparation of Environmental and Social Management System (ESMS) policy for its lending operations. Adoption of ESG practices in lending will enable the MML to remain committed to the cause of Sustainable Development

We will drive the implementation of our policy through widespread awareness and concrete actions, while being open to continuous improvement. We believe that the policy serves as a strong foundation for seamless integration of our marketplace, workplace, operations, environment and community concerns in order to support the larger goals of sustainable development.

Amendment of this Policy

The Board of Directors of the Company has the right to amend or modify this Policy.

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